

110TH CONGRESS  
1ST SESSION

# S. 516

To amend the Internal Revenue Code of 1986 to make permanent the option of including combat pay when computing earned income.

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IN THE SENATE OF THE UNITED STATES

FEBRUARY 7, 2007

Mr. PRYOR (for himself, Mr. WARNER, and Mrs. LINCOLN) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to make permanent the option of including combat pay when computing earned income.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Tax Relief for Ameri-  
5       cans in Combat Act” or the “TRAC Act”.

6       **SEC. 2. EARNED INCOME INCLUDES COMBAT PAY.**

7       (a) EARNED INCOME CREDIT.—Clause (vi) of section  
8       32(c)(2)(B) of the Internal Revenue Code of 1986 is  
9       amended to read as follows:

1                   “(vi) a taxpayer may elect to treat  
2                   amounts excluded from gross income by  
3                   reason of section 112 as earned income.”.

4           (b) REPEAL OF EGTRRA SUNSET APPLICA-  
5 BILITY.—Section 105 of the Working Families Tax Relief  
6 Act of 2004 shall not apply to the amendments made by  
7 section 104(b) of such Act.

8           (c) EFFECTIVE DATE.—The amendment made by  
9 subsection (a) shall apply to taxable years ending after  
10 December 31, 2006.

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